

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 838 – SB 2040

March 16, 2011

SUMMARY OF BILL: Authorizes state and local sales tax to be levied on deinstallation of tangible personal property. Defines “deinstallation” to mean disassembly, dismantlement, or removal.

ESTIMATED FISCAL IMPACT:

Increase State Revenue – Net Impact - \$109,400

Increase Local Revenue - \$46,200

Assumptions:

- According to the Department of Revenue, and based on the American Housing Survey of the U.S. Census, statewide taxable sales for deinstallation services are estimated to be \$2,340,000 per year.
- A state sales tax rate of 7.0 percent and a local option sales tax rate of 2.5 percent.
- Taxpayer compliance rate of 70 percent.
- Pursuant to Tenn. Code Ann. § 67-6-103(a)(3)(A), local governments receive 4.5925 percent of all state sales tax revenue as state-shared sales tax revenue.
- The net recurring increase in state revenue will be \$109,394 $[(\$2,340,000 \times 70.0\% \times 7.0\%) - (\$2,340,000 \times 70.0\% \times 7.0\% \times 4.5925\%)]$.
- The recurring increase in local government revenue will be \$46,216 $[(\$2,340,000 \times 70.0\% \times 2.5\%) + (\$2,340,000 \times 70.0\% \times 7.0\% \times 4.5925\%)]$.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

/rnc